

**Responses to Inquires received per  
RFP File Number 4400009101PSC**

1. Q. What is the anticipated placement volume under this contract?  
A. Approximately \$57 million would be available for placement.
2. Q. What is the average account balance?  
A. That information is not available.
3. Q. Does the State currently use a collections contractor or contractors? If so, who is the current contractor? What is the historical recovery rate? What is the contractor's contingency fee?  
A. Yes. The current collections contractor is Diversified Collection Services with an 11.43% recovery rate. Their fee is 16.5%.
4. Q. Exhibit K of the RFP provides a list of tax debt types. What tax types represent the majority of the debts owed to the State of Louisiana?  
A. Approximately \$57 million will be available for placement, with approximately 80% individual income tax, 8% corporate, 8% sales, 3% withholding and 1% miscellaneous (excise tax, severance tax, etc.).
5. Q. How many agencies do you intend to partner with in this contract?  
A. One (1)
6. Q. What is the current liquidation after 12 months?  
A. That information is not available.
7. Q. Please provide an estimate of the forward flow of assignments for this contract.  
A. The number of accounts and dollar value of future placements is not determined.
8. Q. Please provide fees charged by the current collection agency vendor.  
A. 16.5%

9. Q. Please provide the following for 2007 and 2008 (by month, if possible, or annual). Dollars assigned, dollars collected, fees paid to collection agency.
- A. For Fiscal Year Ending 06/2007, approximately \$26 million assigned, with \$798,079.00 collected. For fiscal Year Ending 06/2008, approximately \$24 million assigned, with \$982,632.00 collected. Information on fees paid to the collection agency is not available.
10. Q. Will you also be referring secondary placements, and should bidders provide proposed fees for secondary placements?
- A. Yes, secondary placements may be included. Proposed fees should be provided as a straight, overall percentage for all collections
11. Q. To the greatest extent possible, please provide the following data: a) current contingency fees or other fees currently billed by any incumbent(s), by category; b) total historical average age of accounts at placement (at time of award and/or on a going-forward basis), by category, if relevant or possible; c) actual dollar amounts of monies paid last year to any incumbent(s), if applicable by category; d) the monthly or quarterly number of accounts expected to be placed with the vendor(s) by category; e) the monthly or quarterly dollar value of accounts expected to be placed with the vendor(s) by category; f) historical rate of return or liquidation rate either provided by any incumbent(s) or anticipated as a result of this procurement.
- A. a. 16.5%  
b. Not available  
c. Not available  
d. Not available  
e. Not available  
f. 11.43%
12. Q. If applicable, will accounts held by any incumbent(s) or any backlog be moved to any new vendor(s) as a one-time placement at contract start up?
- A. Yes, except those accounts with active payment plans which would be retained by the current contractor for a period of six (6) months after termination of contract.

13. Q. Would the State consider hiring multiple vendors to ensure competition on this contract?
- A. No
14. Q. Who is the incumbent?
- A. Diversified Collection Services
15. Q. What is the current percentage or fee being charged to LDR?
- A. The current fee of 16.5% and is not charged to LDR. The collection fee is to be added to the account balance and collected from the taxpayer.
16. Q. What is the incumbent's current collection success rate?
- A. 11.43%
17. Q. Please provide the following information with respect to the current third party collection agency performing work on each of the in and out-of-state accounts: a) name; b) commission percentage(s); c) number and dollar amount of accounts placements for each of the last three years; d) the dollar amount of commissionable collections for each of the last three years; e) the actual compensation earned for each of the last three years.
- A. a) Diversified Collection Services  
b) 16.5%  
c) For Fiscal Year Ending 06/2007, approximately \$26 million assigned, with \$798,079.00 collected. For fiscal Year Ending 06/2008, approximately \$24 million assigned, with \$982,632.00 collected. Fees paid to the collection agency are not available.  
d) Same as (c)  
e) This information is not available.
18. Q. What specific tax types will be referred?
- A. Approximately 80% individual income tax, 8% corporate, 8% sales, 3% withholding and 1% miscellaneous (excise tax, severance tax, etc.).
19. Q. Will both filed returns and no-file assessments be placed for all tax types referred?

- A. Yes, but no-file assessments will be placed only when there is a mix of filed and non-filed.
20. Q. Please provide the age, average balances, volumes and historical recovery rates for the following categories: a) tax liabilities; b) CP2000 adjustments; c) audits; d) NSF/Return checks.
- A. This information is not available.
21. Q. In addition to the initial placements for both in-state and out-of-state accounts, what is the anticipated number and dollar amount of first and second placement accounts that LDR anticipates assigning on an ongoing annual basis?
- A. We cannot anticipate the number and dollar value of future placements.
22. Q. Please describe the in-house collection efforts employed on out-of-state accounts prior to assignment to a collection agency (e.g., number and frequency of mailed notices, telephone calls, processing of liens, levy or garnishments, filing of litigation, participation in any offset programs, etc.).
- A. In all cases, we have sent billing notices. In addition, garnishments, liens and levies may have been filed. We do participate in the U. S. Treasury Offset Program.
23. Q. What is the estimated age of delinquency for any initial backlog that's either been maintained internally, or assigned to another collection agency?
- A. The age ranges from sixty (60) days after the assessment becomes final up to 9 ½ years after becoming final. We do not have the liabilities grouped by age.
24. Q. Please provide totals and a breakdown of the number and dollar amount of initial in-state and out-of-state assignments by major tax types.
- A. Approximately \$57 million will be available for placement, with approximately 80% individual income tax, 8% corporate, 8% sales, 3% withholding and 1% miscellaneous (excise tax, severance tax, etc.).
25. Q. During each of the last three contract years, how many accounts did the out-of-state third party collection agency file litigation?

- A. None.
26. Q. May a proposer submit three separate service forms, 1) for in-state only; 2) for out-of-state only; and 3) for both in and out-of-state combined as a single rate, or does LDR prefer to have separate rates for in and out-of-state collections? If three separate rates are acceptable, should the proposer amend the title to the attachment to indicate that it is rate for in- and out-of-state accounts combined?
- A. The proposer is limited to a single bid for in-state/out-of-state collections. The bidder has the option to submit a separate fee for litigation only.
27. Q. What number or percentage of out-of-state placements is anticipated to be made on a manual basis?
- A. We are uncertain of future placements. However, in the 2007 we made 92 placements. In the year 2008, we made 314 placements.
28. Q. The projected number of accounts eligible for assignment at contract award is 95,763. Does this number represent individual liabilities, and if so, what's the projected number of debtors eligible for assignment?
- A. The projected number of accounts available for assignment quoted in the RFP represents approximately 33,000 debtors.
29. Q. With respect to the 95,763 accounts, with a balance due of \$56,878,070 for in-state accounts, what number and dollar amount of the initial placements are expected to be accounts cancelled from the current third party collection agency and re-placed with the selected vendor? Will LDR consider a separate rate for these second placement accounts? What is the average age of delinquency, number and amount by tax type of such accounts?
- A. The \$57 million quoted in the RFP is for both in-state and out-of-state collections and we estimate 50% of the initial placement would be accounts pulled back from the prior vendor. No separate rate for second placement accounts will be considered. The average age, delinquency, number and amount by tax of such accounts is not available.
30. Q. Does the \$56 million balance include any collection fee or will vendor add its fee to this amount?

- A. The collection fee will be added by the vendor to the account balance and collected from the taxpayer.
31. Q. Please clarify how partial payments will be compensated? For example, if our understanding is correct using the following example: an account is placed with a balance of \$100.00 and the collection fee is 10% resulting in a total balance of \$110.00 to be collected, a partial payment of \$55.00 is collected, the \$55.00 is assumed to be \$50.00 of principal, interest and penalty and \$5.00 of collection fee to be paid to the collection agency.
- A. The formula, using your example, is  $\$55.00 \div .0110 = \$50$   $\$55.00 \text{ minus } \$50 \text{ for LDR} = \$5 \text{ collection fee.}$
32. Q. What is the account retention period at the agency level for accounts where no contract is able to be made and for accounts where partial payments are received?
- A. Twelve (12) months
33. Q. Are there maximum rates (statutory or otherwise) that may be bid for out-of-state assignments?
- A. The statutory maximum rate for in-state collections is 25%. The proposer is limited to a single bid for in-state/out-of-state collections. Therefore, the 25% statutory maximum will apply.
34. Q. What is the term of a contract that is expected to be awarded, including base term and any extension options?
- A. The contract cannot exceed three (3) years.
35. Q. Has the current contract gone full term, including all extension options? If not, what are the primary reasons that the contract is out for bid currently?
- A. The current contract will expire on April 6, 2009.
36. Q. Is there a difference in volumes, tax types, or account origin that will be placed among different agencies?
- A. The contract will be executed with a single provider; however, all in-state accounts will be subject to initial placement with the Attorney General's Office.
37. Q. Will garnishments and levies remain administrative?

- A. The LDR does not prohibit the issuances of notices of levy or garnishment by collection contractors on behalf of the department.
38. Q. All money collected is to be remitted to the State by the 10<sup>th</sup> of the following month via an electronic file (FTP protocol) and a check. Will the state consider accepting either an ACH or wire transfer in lieu of a check?
- A. Yes.
39. Q. Is the audit referred to in Section 5.9 a standard audit of the vendor's financial statements? If not, please describe the nature of the audit contemplated.
- A. To assure compliance with the contract, the LDR and/or the Legislative Auditors shall have the right to enter into the successful Proposer's premises or any facilities where any portion of the contract is being performed, without notice, during normal business hours to inspect, monitor or otherwise evaluate its work performance, examine the books, records and other compilations of data of the successful Proposer which pertain to the performance of the provision and requirements of the contract. In addition, the successful Proposer must submit to the LDR yearly audited financial statements through the contract period.
40. Q. Page 34, RFP Section 12.0 Entire Agreement: The attachments referenced, Attachments A through E, are not included with the RFP package. Are these attachments to be provided upon contract award?
- A. Information is to be presented by the Proposer and labeled, per instruction in 12.0, Entire Agreement.
41. Q. In Attachment 1, Scope of Service, Page 35 of the RFP, there is mention of out-of-state and in-state accounts. However, in Section 1.2, Overview, page 7 of the RFP, there is only mention of an in-state partial placement, and Section 3.0f, collection Service Fee to Be Charged, page 16 (and Page 20) of the RFP, does not make any differentiation between in-state versus out-of-state fees. Will it be necessary for proposers to submit separate fees for in-state vs? out-of-state collections? In addition, does the LDR want proposers to submit fees for litigation services separately from the collection fees?

- A. All out of state accounts will be original assignments, with the exception of accounts pulled back from a previous vendor. In state accounts may or may not be original and may have been previously placed with the Louisiana Attorney General's Office. There is no differentiation between in-state and out-of-state fees. Proposers should submit only one (1) fee. The proposers may submit a separate fee for litigation services.
42. Q. Will placements come in Monthly, Quarterly, Semi-annually or Annually?
- A. We do not have a set schedule for placements.
43. Q. To how many vendors are you seeking to award a contract?
- A. One (1).
44. Q. Will you also be referring secondary placements? If so, should bidders propose a fee for seconds?
- A. Yes, secondary placements may be included. Proposed fees should be provided as a straight, overall percentage for all collections, including both 1<sup>st</sup> and 2<sup>nd</sup> placements.
45. Q. Will accounts be held by any incumbent or any backlog be moved to the new vendor as a one-time placement at contract start?
- A. Yes, except those accounts with active payment plans which would be retained by the current contractor for a period of six (6) months after termination of contract.
46. Q. Will the location of the bidder's call center or corporate headquarters have a bearing on the award?
- A. No.
47. Q. Section 12.0 on Page 34 requires attachments A, B, C, D and E be sent in as part of the proposal. The attachments were not part of the proposal. Would it be possible to forward a copy of the attachments?
- A. Information is to be presented by the Proposer and labeled, per instruction, in 12.0, Entire Agreement.
48. Q. How long are accounts worked internally by the LDOR on average prior to placement for collection?



- A. There is no set time period for accounts to be placed with the outside collection agency.
49. Q. What are the LDOR's target or anticipated fee rates for this contract?
- A. Fees are not determined by LDR.
50. Q. Why is this project out to bid?
- A. The contract will expire April 6, 2009.
51. Q. Who are the current vendors?
- A. Diversified Collection Services
52. Q. Did the current contract go full term, including extensions?
- A. Yes. There were no extensions.
53. Q. How long have the current vendor(s) been providing these services?
- A. The current contract began on 04/07/2006 and will expire on 04/06/2009.
54. Q. To the greatest extent possible, please provide the following data:  
a) current contingency fees or other fees currently being billed by any incumbent; b) total historical average age of accounts at placement (at time of award and/or on a going forward basis; c) contracted contingency fees and/or actual dollar amounts of monies paid last year to any incumbent; d) historical rate of return or liquidation rate either provided by any incumbent(s) or anticipated as a result of this procurement; e) anticipated monthly placement volumes both # and \$ by debt type; f) anticipated placement volume for initial placement, both # and \$.
- A. a) 16.5%  
b) No information available  
c) Not available.  
d) Not available.  
e) No information available  
f) The estimated initial placement listed in the RFP is 95,763 accounts which translates into approximately 33,000 debtors with a balance due of \$57 million.

55. Q. To what extent will the location of the bidder's call center and/or corporate headquarters have a bearing on any award?
- A. No bearing.
56. Q. Is the contract for both In-State and Out-of-State collections? If so, can you please provide estimated initial placement for Out-of-State?
- A. Yes. The contract is for both in-state and out-of-state collections. Information for estimated initial placement for out-of-state is not available.
57. Q. Does the current incumbent use subcontractor to perform any collections?
- A. No
58. Q. Is the LDR looking for two collections service fees, one for collections and one legal? If so, how do we fill out attachment IV (Collection Service Fee for Collections)?
- A. There would be only one (1) collection fee. The bidder has the option to submit a separate fee for litigation only.
59. Q. If contract is awarded to a new vendor, will the accounts placed with the current vendor be recalled and placed with the new vendor? If yes, can we propose a second placement rate?
- A. Yes, accounts will be recalled from the current vendor and placed with the new vendor. No, there should only be one (1) fee.
60. Q. During the current contract's term, how many accounts or approximately what percentage of accounts required legal services?
- A. None.
61. Q. What is the anticipated forward flow for number of accounts and dollar value of accounts to be placed monthly?
- A. The number of accounts and dollar value of future placements is not determined.

62. Q. Section 5.10 on page 25 states, "The successful Proposer will prepare and maintain such financial reports...at an address designated in the contract". Is this location the Proposer's place of business or is the State requesting a local location be established to view records associated with the contract?
- A. Proposer's place of business.
63. Q. Section 5.10 on page 25 makes reference to submitting financial statements yearly; would the State accept reviewed statements in lieu of audited statements?
- A. No. The requirements are for audited financial statements.
64. Q. Will the vendor be able to submit liens against taxpayer bank accounts and/or wages? If so, will they be commissionable to the vendor?
- A. The LDR does not prohibit the issuances of notices of levy or garnishment by collection contractors on behalf of the department. Yes.
65. Q. Would you provide us estimated ongoing placement volumes and timing?
- A. The number of accounts and dollar value of future placements is not determined
66. Q. For both in state and out of state accounts, at what point in time in terms of the number of days are accounts eligible for referral per this RFP?
- A. There is no set time period for accounts to be placed with the outside collection agency.
67. Q. a) What collection efforts are used prior to referral per this RFP for both in state and out of state accounts? b) Are all or any portion of the collection efforts for both in state and out of state accounts performed "in house", by the Attorney General, and/or by an outside vendor? c) If an outside vendor is utilized, what is the name of that vendor, fee arrangement, and liquidation rate?
- A. a) In all cases, we have sent billing notices. In addition, garnishments, liens and levies may have been filed. We do participate in the U. S. Treasury Offset Program.

- b) All in state accounts are subject to initial placement with the Attorney General's Office. Secondary in state placements and out of state placements are assigned to the current vendor, c) Diversified Collection Services; 16.5%; 11.43%

68. Q. Is the chosen vendor required to have a local office? If so, must that office be located in Baton Rouge or may it be located elsewhere in the State of Louisiana?

A. No.

69. Q. a) For both in state and out of state accounts, is this collection work currently outsourced, and if so to whom? b) For both in state and out of state accounts, what is the fee arrangement, and term of the agreement? c) How much was collected during the last budget year? d) What was the liquidation rate for each year of service? If prior calendar year data is unavailable, please provide any date.

- A.
- a) Yes, Diversified Collection Services
  - b) 16.5%; 3 years
  - c) Fiscal Year Ending 2008 \$982,632.00
  - d) 11.43%